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AGENDA ID #927

WATER/ABJ/HJL:jlj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION NO. W-4347
August 8, 2002

R E S O L U T I O N

**(RES. W-4347), TORO WATER SERVICE (TWS). ORDER AUTHORIZING
A SURCHARGE TO RECOVER AN UNDERCOLLECTION IN ITS
PURCHASED POWER BALANCING ACCOUNT PRODUCING AN
INCREASE IN ANNUAL REVENUE OF \$15,886 OR 5.49%.**

SUMMARY

By Advice Letter No. 49, filed on June 19, 2002, TWS seeks revision of its tariff Schedule No. 1, General Metered Service, to provide an increase in revenues of \$15,886 or 5.49%. This increase is a result of increased costs for purchased power since TWS' present rates became effective. The rate increase will not result in a rate of return greater than the last authorized for TWS.

BACKGROUND

TWS requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to offset \$15,569 increase in purchased power costs and \$317 in related increase in franchise taxes. The purchased power increase became effective by Commission Decisions (D.) 01-01-018, D.01-03-082, and D.01-05-064, which authorized the Pacific Gas & Electric Company (PG&E) to increase its rates.

TWS serves approximately 407 metered customers in an unincorporated area of Monterey County, along the Salinas - Monterey Highway 68. The present rates of TWS became effective on May 24, 2002, pursuant to Advice Letter No. 48, which authorized the company a Consumer Price Index (CPI) rate increase of \$4,554 or 1.6%. Prior to this CPI rate increase, pursuant to Res. No. W-4289, dated August 22, 2001, TWS was granted a rate increase of \$14,845 or 5.74% to offset purchased power costs. The

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requested balancing account balance of \$15,886 was not covered by the rates authorized in Res. No. W-4289. The last general rate increase for TWS was approved by D.93-06-054, dated June 23, 1993, which authorized a general rate increase of \$71,800 or 48.6% for test year 1993. The decision authorized a 13.35% rate of return for TWS.

TWS' recorded earnings for the calendar year 2001 shows that the company's rate of return was 5.1%. Therefore, it is not over earning on an actual basis.

DISCUSSION

Effective January 4, 2001 and March 27, 2001, PG&E increased rates for purchased power by one cent per kilowatt-hour (kWh) and three cents per kWh, respectively, pursuant to D.01-01-018 and D.01-03-082.

Effective June 1, 2001, pursuant to D.01-05-064, PG&E rates were increased an average six cents per kWh for summer consumption and an average three and a half cents per kWh for winter consumption for rate schedules A-1, A-6, and A-10. Rates were also increased an average 4.1 cents per kWh for Schedule E-19 (summer and winter consumption). These PG&E rate increases have resulted in an additional \$15,886 increase in purchased power costs for TWS, which were not covered by the rates authorized in Res.W-4289 during 2001.

The increases in PG&E's purchased power costs are directly related to water consumption and therefore shall be applied to quantity rates. In order to recover the higher costs, TWS will incorporate a quantity surcharge of \$0.141/Ccf, (one Ccf is equal to one-hundred cubic feet) for a period of 12 months from the effective date of Advice Letter No. 49. The bill for an average residential customer using 22 Ccf of water with a ¾-inch meter will increase from \$55.93 to \$59.03, or \$3.10 or 5.5%.

Service is satisfactory. There are no Commission orders requiring system improvements nor are there any service problems requiring corrective action.

NOTICE AND PROTESTS

Notice of the proposed rate increase was published in the Monterey Herald, a newspaper of general circulation, on June 17, 2002, as evidenced by proof of publication provided to the Water Division by the utility. There were no protests concerning the proposed offset increase.

FINDINGS

The Commission finds, after investigation by the Water Branch, that the changes hereby authorized are justified and the resulting rates are just and reasonable.

THEREFORE IT IS ORDERED THAT:

1. Toro Water Service is authorized, five days after the effective date herein, to make effective revised Schedule 1, General Metered Service, attached to Advice Letter 49, and to cancel the corresponding presently effective rate schedule.
2. Toro Water Service is directed to maintain a balancing account as required by Public Utilities Code Section 792.5.
3. This resolution is effective today.

I hereby certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on August 8, 2002; the following Commissioners approved it:

WESLEY M. FRANKLIN
Executive Director